(v) Prescribing capital adequacy norms and minimum qualification for Chief Executive Officers of Co-operative Banks;

(vi) Prohibiting any co-operative other than a co-operative bank from accepting public deposits from any person other than its members; and

(vii) Exiting from equity participation in share capital of co-operatives by State Governments.

(d) and (e) The Report of the Task Force has been accepted in principle for implementation in States that show willingness to accept the recommendations. Consultations with State Governments have been initiated.

FDI in PSUs

3458. SHRI TARINI KANTA ROY:
SHRI MATILAL SARKAR:

Will the Minister of FINANCE be pleased to state:

(a) the number and the names of Government undertakings where FDI has entered during the current year;

(b) the names of Government sponsored organisations where foreign direct investment has increased during the current financial year; and

(c) the reasons behind these occurrences?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c): The information is being collected and will be laid on the Table of the House.

P.L.R. based Interest Rates

†3459. SHRIMATI PREMA CARIAPPA:
SHRI MOTILAL VORA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India has not framed clear guidelines regarding interest rates based on P.L.R. due to which banks are recovering interests from P.L.R arbitrarily;

†Original notice of the question was received in Hindi.

(b) whether P.H.D. Chamber of Commerce and Industry has also raised similar demand;

(c) if so, whether Government would take any concrete steps in this direction keeping in view the interest of small scale industries and small debtors; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Reserve Bank of India has reported that in terms of the Mid - Term Review of Monetary and Credit Policy for the year 2003-2004, the Indian Banks' Association advised all commercial banks to determine benchmark Prime Lending Rate (BPLR) on the basis of weighted average cost of funds, average cost of operations and appropriate provisioning/capital charge and profit margin. The new system of BPLR imparts greater transparency in determination of lending rates and helps in reducing the complexity involved in the pricing of loan products.

As lending rates of commercial banks have been deregulated by the Reserve Bank, banks are presently free to set their lending rates based on risk reward considerations and their commercial judgments. However, for small borrowers, the BPLR continues to be ceiling rate for loans up to Rs. 2 lakh.

(b) RBI has reported that it has no information about the P.H.D. Chamber of Commerce & Industry having raised such demands.

(c) and (d) As per extant interest rate directives of the RBI for loans up to Rs. 2 lakh under priority sector (including SSI) interest rates should not exceed the respective Prime Lending Rate (PLR) of the individual bank. For loans above Rs. 2 lakh, banks have the discretion to fix the interest rate on advances. Further, RBI has initiated the following steps to give the benefits of softer interest rate to the SSI sector:-

(i) As per the announcement made in the Union Budget 2003-04, Indian Banks' Association (IBA) have advised the banks to adopt the interest rate and 2% above the below its PLR, for secured advances.

(ii) As per the decision of Standing Advisory committee on Credit flow to SSI sector, banks have been advised to set the interest rate on advances keeping in view the prevailing general southward movement in interest rates. The Committee has also advised the

banks to fix at least 3 slabs of rate of interest, for loans up to Rs 50000, between Rs. 50000 & Rs. 2 lakh and above Rs. 2 lakh.

Income Tax Collections in Andhra Pradesh

3460. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) the total Income-tax collections in Rajahmundary and Tanuku in Andhra Pradesh in 2003-04 and 2004-05;

(b) what were the targets for these two towns;

(c) whether Government have issued directions to ensure that assesses are treated with maximum respect in these areas;

(d) details of such directions given to the respective officers; and

(e) steps proposed to improve the image of the department all over the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The total income tax collections of Tanuku and Rajahmundry in financial year 2003-04 and 2004-05 were as under:

(In Rs. crore)

Financial Year	Total income tax collections of Tanuku	Total income tax collections of Rajahmundry
2003-04	14.46	47.12
2004-05*	18.00	50.21

*Collections figures for 2004-05 are Provisional

(b) The targets for collection for Tanuku and Rajahmundry for 2003-04 and 2004-05 were as under;

(In Rs. crore)

Financial Year	Target for income tax collections of Tanuku	Target for income tax collections of Rajahmundry
2003-04	13.70	51.5
2004-05	19.80	54.00